

Control Section 4.10
Reductions By Program

7100

Org. Code: 280

Department: Employment Development

GENERAL FUND

How was reduction implemented? The Employment Development Department (EDD) lost \$3,157,146 in the General Fund (GF) as a part of the Section 4.10 Budget reductions. Of the total reduction, \$1.1 million was reduced in Operating Expenses and Equipment (OE&E) in the departmental overhead category for State Fiscal Year 2003-04. In addition to the OE&E, reductions were taken in Personal Services and Personnel Benefits, distributed on a prorated basis to EDD entities allotted funding for collection of employer taxes for the Personal Income Tax (PIT) Program. The PIT program is funded from a combination of GF and Contingent Fund (CF) monies at EDD. Consistent with the EDD's approved staffing reduction plan, 28.8 permanent positions and 9.9 temporary help positions were abolished.

What was the actual effect of this reduction?

Any reduction of GF funding directly impacts the EDD's ability to collect additional GF revenues. EDD is required under the UI Code to administer the reporting, collection, refunding to the employer, and enforcement of taxes required to be withheld by employers. The need to maintain current mission-critical operations requires redirection of staff from discretionary functions to necessary up-front functions, such as registering employers, billing employers, cashiering, and processing tax returns. As a result, any staffing reductions affects the discretionary audit and collection functions; however, these are also revenue-producing. Each position redirected from audit/collection activities has the potential to reduce collections up to \$331,802, of which \$168,191 directly affects the General Fund.

Department Director Approval: *Scott M. McKee*

Date: 3/9/04

Agency Secretary Approval: *Victoria Bradshaw*

Date: 3-12-04

Control Section 4.10
Reductions By Program

Org. Code: 280 ⁷¹⁰⁰

Department: Employment Development

EMPLOYMENT TRAINING FUND

How was reduction implemented? The Employment Development Department (EDD) lost \$272,630 in the Employment Training Fund (ETF) as a part of the Section 4.10 budget reductions. The reductions were taken in Personal Services (PS) and Personnel Benefits, distributed on a prorated basis to EDD entities allotted funding for administrative support functions and collection of employer taxes for the ETF. Consistent with the EDD's approved staffing reduction plan, 5.4 permanent positions and 0.6 temporary help positions were abolished.

What was the actual effect of this reduction?

Impact on the EDD administrative support function was not significant. Reductions to the tax collection PS budget were more substantial. EDD is required under the Unemployment Insurance Code to administer the reporting, collection, refunding to the employer, and enforcement of taxes required to be withheld by employers. The need to maintain current mission-critical operations requires redirection of staff from discretionary functions to necessary up-front functions, such as registering employers, billing employers, cashiering, and processing tax returns. As a result, any staffing reductions affects the discretionary audit and collection functions; however, these are also revenue-producing. Each position redirected from audit/collection activities has the potential to reduce collections up to \$331,802, of which \$168,191 directly affects the General Fund.

Department Director Approval: *Sally McLean*

Date: 3/9/04

Agency Secretary Approval: *Victoria Bradshaw*

Date: 3-12-04

Control Section 4.10*
Reductions By Program

Org. Code: 280 7100

Department: Employment Development

CONTINGENT FUND

How was reduction implemented? The Employment Development Department (EDD) lost \$1,101,386 in the Contingent Fund (CF) as a part of the Section 4.10 budget reductions. The reductions were taken in Personal Services and Personnel Benefits, distributed on a prorated basis to EDD entities allotted funding for collection of employer taxes for the Personal Income Tax (PIT) Program. The PIT program is funded from a combination of General Fund (GF) and CF monies. In addition, consistent with the EDD's approved staffing reduction plan, 24.1 permanent positions and 0.3 temporary help positions supported by CF were abolished.

What was the actual effect of this reduction?

Any reduction of CF funding directly impacts the EDD's ability to collect additional GF revenues. EDD is required under the Unemployment Insurance Code to administer the reporting, collection, refunding to the employer, and enforcement of taxes required to be withheld by employers. The need to maintain current mission-critical operations requires redirection of staff from discretionary functions to necessary up-front functions, such as registering employers, billing employers, cashiering, and processing tax returns. As a result, any staffing reductions affects the discretionary audit and collection functions; however, these are also revenue-producing. Each position redirected from audit/collection activities has the potential to reduce collections up to \$331,802, of which \$168,191 directly affects the General Fund.

Department Director Approval: *Larry H. McKee* Date: 3/9/04

Agency Secretary Approval: *Victoria Bradshaw* Date: 3-12-04

Control Section 4.10
Reductions By Program

Org. Code: 280 7100

Department: Employment Development

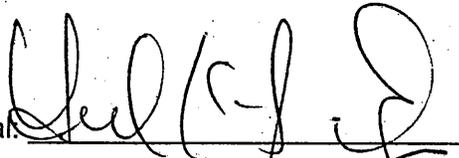
DISABILITY INSURANCE FUND

How was reduction implemented? Consistent with the Department's approved staffing reduction plan, the Disability Insurance (DI) Fund lost 165.4 permanent positions and 25.6 temporary help positions as a part of the reduction efforts. Approximately half of the program's abolished permanent positions were either vacant or filled by employees with planned retirement dates.

What was the actual effect of this reduction?

The Department, through the normal state process, received permission to reestablish 74 positions via the October 2003 Revise based on workload requirements. Due to hiring freezes and other funding decreases within the Employment Development Department, efforts are currently being made to redirect staff to the DI Program in order to address workload consistent with funding availability.

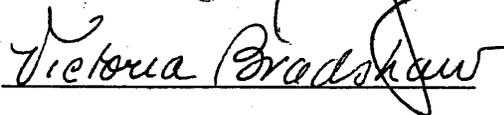
Department Director Approval:



Date:

3-3-04

Agency Secretary Approval:



Date:

3.12.04

Control Section 4.10
Reductions By Program

Org. Code: ~~280~~ 7100

Department: Employment Development

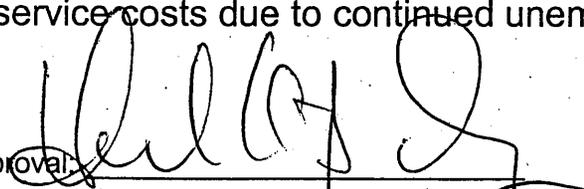
CONSOLIDATED WORK PROGRAM FUND

How was reduction implemented? The Job Service (JS) Long Term Unemployed (LTU) program lost \$1,887,815 in funding from the Consolidated Work Program Fund (CWPF) as part of the Section 4.10 Budget reduction efforts. Reductions were taken in Personal Services and Personal Benefits. Consistent with the EDD's approved staffing reduction plan, 36.6 permanent positions and 4.9 temporary help positions previously funded by the CWPF were abolished.

What was the actual effect of this reduction? Case-managed service for this client group has been provided in One-Stops and Employment Development Department Field Offices. Services were provided to individuals who were long-term unemployed and had limited opportunities for employment or re-employment in the same or similar occupations. The Department provided the following LTU services to dislocated workers: job skill assessment, job search training, job counseling, job development contacts, and job placement assistance.

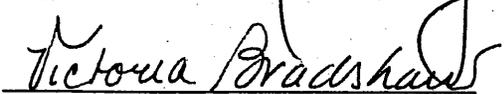
Clients previously served by Job Training Services staff will be redirected to mainstream JS service provision. The services these clients receive may not be as specialized as was previously the case and may result in an overall increase in service costs due to continued unemployment or underemployment.

Department Director Approval:



Date: 3-3-04

Agency Secretary Approval:



Date: 3-12-04

Control Section 4.10
Reductions By Program

Org. Code: ~~280~~ 7100

Department: Employment Development Department

UNEMPLOYMENT ADMINISTRATION FUND/UNEMPLOYMENT FUND

How was reduction implemented?

The Unemployment Administration Fund (UAF)/Unemployment Fund (UI) lost a total of 644.6 permanent positions and 112.1 temporary help positions as part of the Budget Section 4.10 reduction efforts. These funds support multiple programs including the Unemployment Insurance, Job Service, and other smaller federal funded programs (e.g. Labor Market Information, Veterans, etc.).

Unemployment Insurance Program

The Unemployment Insurance (UI) Program lost 211 permanent positions and 64 temporary help positions as a part of the reduction efforts. No State Budget authority was removed from the Department as the program is funded by Federal dollars. The vast majority of the program's eliminated positions were vacant and some were unfunded.

Job Service Program

The Job Service Program lost 205 permanent positions and 50.2 temporary help positions as part of the reduction efforts. No State Budget authority was removed from the Department as the program is funded by Federal dollars. The majority of the program's eliminated positions were vacant and some were unfunded, as the Federal financial support of the program has decreased in the last several years.

Other UAF Programs

The vast majority of the smaller UAF federal programs' eliminated positions were vacant.

7100

What was the actual effect of this reduction?

Unemployment Insurance Program

UI funding was not removed from the Program. In order to process UI work, the Department is relying on a heavier usage of intermittent staff.

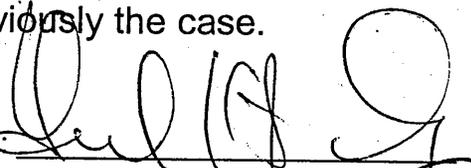
Job Service Program

Many of the positions were vacant or unfunded. Similar to other EDD programs the Department is relying on a heavier usage of intermittent staff.

Other UAF Programs

The overall impact of the reductions to the other smaller UAF Programs was negligible. Unique client groups, such as Veterans, will be redirected to mainstream JS service programs where services may not be as specialized as was previously the case.

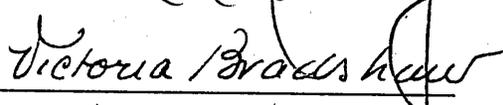
Department Director Approval:



Date:

3-3-04

Agency Secretary Approval:



Date:

3-12-04

Control Section 4.10
Reductions By Program

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Org. Code: ~~280~~

Department: Employment Development

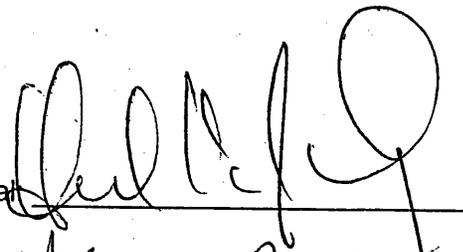
SCHOOL EMPLOYEES FUND

How was reduction implemented? The Department's School Employees Fund (SEF) budget authority was reduced by \$57,479. The majority of this reduction was taken to the Tax Branch's personal services budget. Consistent with the Employment Development Department's approved staff reduction plan, 1.3 permanent positions that were supported by the SEF were abolished.

What was the actual effect of this reduction?

The reduction in the SEF administration reduces the number of staff available to process workload. Supervisory staff will be required to assist in processing workload, thereby reducing number and quality of supervisory duties performed, such as evaluations and reviews of completed staffwork. Cross training of staff will also need to be eliminated.

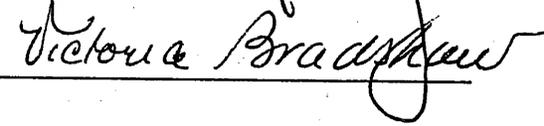
Department Director Approval:



Date:

3-3-04

Agency Secretary Approval:



Date:

3.12.04

Control Section 4.10
Reductions By Program

Org. Code: ~~280~~ 7100

Department: Employment Development

REIMBURSEMENTS

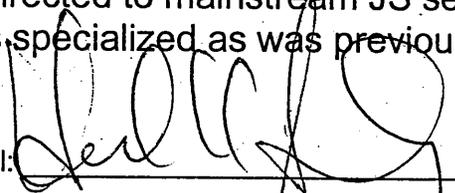
How was reduction implemented?

Consistent with the Employment Development Department's approved staff reduction plan, 32.4 permanent positions and 7 temporary help positions were abolished that were supported by Reimbursements. Reimbursement activities are a component of multiple programs including Job Service, CalWORKs, and other smaller programs.

What was the actual effect of this reduction?

The overall impact of the reductions to Reimbursements is a reduction of resources that could be available to auxiliary services for Job Service, CalWORKs, and other activities. Unique client groups, such as CalWORKs, will be redirected to mainstream JS service programs where services may not be as specialized as was previously the case.

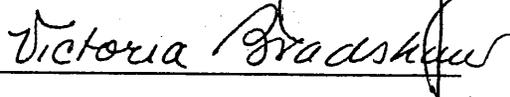
Department Director Approval:



Date:

3-3-04

Agency Secretary Approval:



Date:

3-12-04



RECEIVED

State of California

MAR 03 2004

State of California
Labor & Workforce Development Agency

To: Marisa Duek, Secretary, Fiscal Policy & Administration
Labor, Workforce Development Agency

Date: March 3, 2004

From: *Ada Carrillo*
Ada Carrillo, Acting Assistant Director
Employment Training Panel

File:

Subject: IMPACT OF CONTROL SECTION 4.10 REDUCTIONS ON ETP

D. Bradshaw

The Employment Training Panel's Personal Services Reduction Plan required the elimination of ten full-time positions and reduction of two retired annuitant positions. Elimination of these positions has impacted project development and monitoring functions at the Sacramento Regional field office and the North Hollywood Regional field office; statewide program administration and marketing; and, compliance audits and the executive office. Reductions were accomplished through retirements and the elimination of vacant positions, as identified in the following table:

EMPLOYMENT TRAINING PANEL POSITION REDUCTIONS		
<i>Program Operations:</i>	<i>Positions Eliminated</i>	<i>Action Taken</i>
Project Development and Monitoring	4	3 retirements, 1 vacant position eliminated
<i>Admin. Operations:</i>	<i>Positions Eliminated</i>	<i>Action Taken</i>
Program Administration (Fiscal Unit, Contract Review Unit)	3	2 vacant positions eliminated 1 retirement (does not include non-position reductions, 2 retired annuitants).
Audit Unit	1	Retirement
Marketing Unit	1	retirement
Executive Office	1	vacant position eliminated

Impact of Reductions on Workload

Program Operations

Development and Monitoring staff work with contractors to develop and monitor ETP contracts, and to ensure contract compliance during the term of the contract. Three position reductions have occurred in the North Hollywood Regional Field office, including

one manager position. This has resulted in a 20 percent increase in project workload per analyst - in addition to analysts' contract development and amendment preparation duties. The one remaining manager's responsibilities have necessarily been expanded. She now has twice the number of staff reporting to her and oversees their corresponding functions since the Development and Monitoring Units have been collapsed into one Unit.

The reduction in the Sacramento Regional Office was at the manager level. The Sacramento Development and Monitoring Units have been collapsed into a single Unit under one Manager (in the same manner as occurred in the North Hollywood regional office). Thus, the administrative workload for Managers in both ETP regional offices has significantly increased as the Managers now have more staff reporting to them and must oversee additional staff functions.

Administrative Operations:

The Fiscal Unit is responsible for the review of post-training performance requirements and the processing of invoices. Fiscal production (payments approved) has decreased an average of 9 percent, and average turn around time has increased 18 percent since June 2003.

The Contract Review Unit reviews training contracts for compliance with ETP statutes, regulations and policies prior to forwarding these contracts for Panel consideration and approval. Due to position reduction, Contract Review staff have transferred or decentralized some processes to field office staff.

The Audit Unit performs sample audits, pre-award audits, and random audits on Panel contracts. Based on average audit recovery, each Audit position is estimated to generate approximately \$215,000 per year. Due to the position reduction, the number of projects selected for audit this year has been reduced by 22%. The position reduction will directly affect the Panel's ability to ensure ETP funds are utilized in the most fiscally responsible manner and to carry out its fiduciary responsibilities as contained in the CUIC to ensure adequate audits of project funding.

The Marketing Unit is responsible for statewide marketing efforts, and developing and monitoring marketing contracts with external entities. The position reduction has reduced marketing staff from three statewide positions to two positions.

While ETP has thus far managed to absorb work previously performed by the eliminated positions, this has only been accomplished by collapsing staff functions, increasing staff workload and responsibilities, and prioritizing work and delaying action on certain activities. The Panel's ability to carry out its responsibilities has been significantly impacted. It is critical that ETP maintain its current level of staffing. Any additional staff reductions would impede our ability to meet our fiduciary responsibility and legislative mandate as an economic tool for business attraction and job development in California.

Please let me know if you require additional information.

cc: Peter DeMauro, Acting Executive Director

CUIAB
California Unemployment Insurance Appeals Board
March 4, 2004

IMPACT OF 4.10 REDUCTIONS

I. Total number of positions eliminated

- 45.6

II. Program, dollars and position equivalents

• 0001 General Fund	\$ 93,440	1.5
• 0890 Federal Fund	\$2,238,388	35.0
• <u>0588 Disability Fund</u>	<u>\$ 596,371</u>	<u>9.1</u>
TOTAL	\$2,928,199	45.6

III. Reduction implementation action

- The reduction was implemented through abolishment of positions that were vacant due to the hiring freeze.

IV. Impact of reductions on workload

Description of program responsibilities:

- The CUIAB adjudicates cases involving unemployment insurance, disability insurance, and employment taxes. The EDD makes the initial determination for benefit eligibility or tax liability. The CUIAB adjudicates disputes between appellants/petitioners and the EDD through an administrative hearing process in the areas of UI and DI and also TAX issues concerning UI, DI, and PIT withholding.

The Appeals Board uses two levels of review. The Field Operations level is composed of 12 regional offices. The CUIAB administrative law judges conduct hearings in various locations throughout the state and issue decisions on appeals of the EDD determinations. They are forecasted to hear approximately 280,000 cases during 2003-2004 between employees and employers in various locations throughout the state.

The Appeals Board level reviews appeals from the decisions rendered by field judges. The Board may affirm, reverse, modify, set aside or remand a field decision. The Board, acting as a whole, may designate its decisions as precedent decisions, which constitute the foundations of the various benefit programs that fall within the Board's jurisdiction. Precedent decisions are published and made available to the public. They are binding on the field judges and EDD. All

decisions of the Appeals Board are final except for the filing of an action in Superior Court. The Board annually renders decisions in approximately 16,000 cases.

How the program will satisfy responsibilities on an ongoing basis:

Quantify the effect of reductions/Current number of products produced or time to provide service:

- Each support staff position processes an average of 180 cases per month and 2,160 cases annually. The functions of support staff are all encompassing to include reception, mail processing, registration, verification, calendaring, decision typing and record control. The abolished positions would process the work of approximately 98,500 cases annually.

Quantify the number of estimated products and service produced after the reduction:

- The personnel services reduction of control section 4.10 was achieved through the abolishment of positions vacant due to the hiring freeze. CUIAB's production levels have remained static, however below optimal operating levels to stay current with the increased workload levels.

V. Resources required to meet minimum requirements of the law

- The CUIAB has been dealing with an extremely high workload for over two years now. Currently we have 2,000 unregistered/unverified cases, 1500 untyped decisions and three weeks of accumulated week backlog of uncalendared cases which has not been reduced significantly in the last three years, notwithstanding the fact that we have averaged 1000 hours of overtime per month. CUIAB has been unable to meet federal time standards for the issuance of decisions; consequently CUIAB has been laboring under a Corrective Action Plan for the last two years. Adding to this now is the Grocer's trade dispute, involving potentially 20,000 unemployed workers, with the attendant media and legislative attention and pressure to resolve their claims as soon as possible.

In order to address current workload levels, eliminate the continuing backlog of cases, and become compliant with federal mandated regulations within the next 12-month period, CUIAB needs to fill an additional 15 ALJ positions, in combination with 30 new support staff positions to process the additional cases that would be heard. These numbers assume backfill capability for all vacancies that occur, and continued ability to retain and utilize retired annuitants.

Department Director Approval: _____ Date _____

Agency Secretary Approval: Victoria Bradshaw Date 3-12-04

Control Section 4.10
Reductions By Program

Org. Code: 7120

Department: California Workforce Investment Board

How was reduction implemented?

The State Board was able to meet the Control Section 4.10 reduction requirements of \$196,404 by: 1) eliminating our Chief Counsel (CEA) position, including benefits; 2) reducing our board member stipend allotment, and 3) reducing the amount available for overtime.

The Chief Counsel position became vacant on or about May 31, 2004. The savings equates to \$136,761. Each year we budget \$55,000 for stipend payments. Historically, we spend less than \$10,000 per fiscal year. Thus, we were able to reduce this allotment by \$45,000. Finally, we reduced our overtime allotment by approximately \$14,643.

What was the actual effect of this reduction?

The reductions listed above have had no negative affects on the State Board and its workload. Our existing interagency agreement with the Employment Development Department (EDD) is for administrative and legal services. The elimination of the Chief Counsel position has had limited impact since we did not require the services of a full time attorney and are now able to utilize the EDD legal staff when necessary. The reduction to the stipend allotment will not impact the board members. Lastly, we offer our employees Compensating Time Off if they are required to work overtime.

Department Director Approval:

Paul Frum

Date:

3/12/04

Agency Secretary Approval:

Victoria Bradshaw

Date:

3-12-04

Control Section 4.10^{*}
Reductions By Program

Org. Code: 7300

Department: Agricultural Labor Relations Board
Program: Board

How was reduction implemented?

The Board reduced \$100,000 that had been budgeted for defense in the *Western Growers Association, et al vs. ALRB* lawsuit regarding mandatory mediation. The Department of Justice agreed to provide no-cost representation in this lawsuit.

What was the actual effect of this reduction?

Since the Department of Justice agreed to continue to provide the representation at no cost to the ALRB, there was no negative impact to the ALRB.

Department Director Approval:

Gonvise A. Slusson

Date:

3/4/04

Agency Secretary Approval:

Victoria Bradshaw

Date:

3.12.04

Control Section 4.10
Reductions By Program

Org. Code: 7300

Department: Agricultural Labor Relations Board
Program: Administration

How was reduction implemented?

Two (2) Administration positions were eliminated as part of the Control Section 4.10 exercise.

<u>Position</u>	<u>Status</u>
Office Technician	Had been filled by Retired Annuitant
Associate Governmental Program Analyst	Vacant

What was the actual effect of this reduction?

In order to maintain enforcement staff in the regions, ALRB focused first on abolishing positions in the Administration Unit.

Office Technician: The Administrative Unit has no remaining clerical resources. Prior to its abolishment, a retired annuitant on a less than full-time basis had filled the position. With the abolishment of this position, administrative staff at higher levels is attempting to perform the clerical work that would have been done by this position.

Associate Governmental Program Analyst: As a result of the abolishment of this position, the Board and General Counsel have taken on additional duties that are administrative in nature. These additional duties take away from critical statutory duties; e.g. to conduct elections, to determine whether farm workers want union representation, and investigate and remedy unfair labor practices by employers and unions. In addition, ALRB has contracted with another department under the Labor and Workforce Development Agency to provide budgetary services on a quarter-time basis through an interagency agreement, and is a fiscal obligation

Department Director Approval:

Louisa Turner
Genevieve A. Stinson

Date:

3/4/04
3/4/04

Agency Secretary Approval:

Victoria Bradshaw

Date:

3.12.04

BL 04-03

Attachment I

Control Section 4.10
Reductions By Program

Org. Code: 7300

Department: Agricultural Labor Relations Board
Program: General Counsel

How was reduction implemented?

One (1) position from the Office of the General Counsel was eliminated as part of the Control Section 4.10 exercise.

<u>Position</u>	<u>Status</u>
Senior Legal Typist	Vacant

What was the actual effect of this reduction?

Senior Legal Typist: This is the only clerical position in the El Centro office. This position was responsible for preparing legal documents filed with Board and the courts. Traditionally, a staffer with bilingual skills has filled the position. The loss of this position hampers the General Counsel's ability to process legal documents in a timely manner.

Department Director Approval:

Norma Duran

Date:

3/4/04

Agency Secretary Approval:

Victoria Braashaw

Date:

3.12.04

Control Section 4.10
Reductions by Program

Org. Code: 7350

Department: Industrial Relations,
Office of Self-Insurance Plans

How was reduction implemented?

Three vacant positions were eliminated:
Workers' Compensation Compliance Officer
Associate Governmental Program Analyst
Office Assistant (Typing).

What was the actual effect of this reduction?

The mission of the Office of Self-Insurance Plans (OSIP), a division within the Department of Industrial Relations, is to determine the ability of employers and groups of employers, both public and private, to self-insure their workers' compensation liabilities and to pay any compensation that may become due to their employees. To achieve this mission OSIP ensures that private employer applicants meet financial requirements to self-insure and that they post adequate security with the department to cover estimated future liabilities, issues Certificates of Consent to Self-Insure to qualified applicants, amends and revokes consent to self-insure when appropriate, receives annual reports from self-insured employers to track their estimated future liabilities, and audits the claims of private self-insured employers to ensure that estimates of future liabilities are adequate. In addition, OSIP tests and certifies competence of individual claims administrators and licenses third-part administrators that handle the claims of self-insured employers.

The loss of these positions has diminished the ability of OSIP to achieve its mission. The current crisis in workers' compensation insurance has seen insurance rates increase three-fold for most employers. There has been a commensurate increase in individual applications to self-insure. Although private group self-insurance became possible in 1995, there was only approved private group self-insurer a year ago – now there are ten. Applications are expected to increase four-fold to five-fold over the next year. OSIP is not able to handle the rush of business it is experiencing in a prompt manner. The time to process applications has increased by an estimated 50% over the

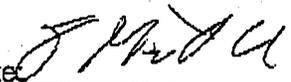
past year and will probably increase by another 50% over the next year, with the result that many employers that may be able to qualify for self-insurance are forced to remain insured and not realize the savings of self-insurance. Many employers are leaving the state because of the expense of workers' compensation.

Staff is so inundated with its day-to-day operations that OSIP does not have the resources to devote to revising regulations to enable qualified employers to self-insure more easily as a safe and cost effective alternative to insurance without allowing unqualified employers to self-insure or seek other alternatives that increase the financial burden of unpaid claims to the state.

Department Director Approval:



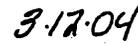
Date:



Agency Secretary Approval:



Date:



Control Section 4.10
Reductions By Program

Org. Code: 7350

Department: Industrial Relations
State Mediation & Conciliation Service (SMCS)

How was reduction implemented?

The reductions of the one mediator position (1) and the Office Assistant (1/2) positions were achieved through the elimination of vacancies and through attrition.

In the Fall of 2003, the Department, under the former administration, made the decision to avoid a layoff of a relatively small number of staff and chose instead to reduce incumbents through attrition. This is an ongoing process. The termination of an additional training and development assignment in Spring 2004 created salary savings for the SMCS. These salary savings are being used for the one-half office assistant.

What was the actual effect of this reduction?

The effect of this reduction is to delay the scheduling of representation elections and agency shop elections that the Service is mandated by the Government Code to conduct. After April 1, 2004, significant delays are expected in the Southern California region, affecting both representation procedures and mediation of labor disputes.

Department Director Approval: _____

Date: _____

Agency Secretary Approval: W Bradshaw

Date: 3-12-04

Control Section 4.10
Reductions By Program

Org. Code: 7350

Department: Industrial Relations
Division of Workers' Compensation

How was reduction implemented?

The reduction in DWC was achieved through the elimination of vacant positions. The following numbers of positions in the following classifications were eliminated:

Division of Workers' Compensation

Presiding Workers' Compensation Judge	-1.0
Workers' Compensation Judge	-3.0
Senior Workers' Compensation Compliance Officer	-1.0
Hearing Reporter	-4.0
Workers' Compensation Compliance Officer	-2.0
Supervising Workers' Compensation Consultant	-1.0
Workers' Compensation Rehabilitation Consultant	-2.0
Workers' Compensation Consultant	-6.5
Workers' Compensation Assistant	-1.0
Legal Support Supervisor I	-1.0
Executive Secretary	-1.0
Office Technician (Typing)	-1.0
Office Services Supervisor I	-4.0
Senior Legal Typist	-10.0
Program Technician	-2.0
Office Assistant	-28.0
Youth Aid	-2.0
Total Program 30	<hr/> -70.5

The Industrial Medical Council, which has now been absorbed in to DWC, also saw the following vacant positions eliminated:

Industrial Medical Council

Senior Special Investigator	-1.0
Office Assistant (Typing)	-1.0
Total Program 35	<hr/> -2.0

What was the actual effect of this reduction?

The Impact on the DWC Judicial System

The following positions lost were from the judicial system:

Presiding Workers' Compensation Judge	1
Worker's Compensation Judge	3
Executive Secretary	1
Hearing Reporter	4
Supervising Workers' Compensation Consultant	1
Workers' Compensation Rehabilitation Consultant	2
Workers' Compensation Consultant	6.5
Workers' Compensation Assistant	1
Legal Support Supervisor I	1
Office Technician (Typing)	1
Office Services Supervisor I	4
Senior Legal Typist	10
Program Technician	2
Office Assistant	28
Youth Aid	2
Total Positions Lost from Court System:	67.5

The loss of a Presiding Judge and four Workers' Compensation Judges increases the time that it takes for the public to receive a hearing date and bring a claim to a resolution. The loss of 4 Hearing Reporters has the same effect, as pursuant to Labor Code Section 5708 testimony in all trials must be taken down by a court reporter. Thus, when they are not available, trials must be continued.

The loss of an Executive Secretary will limit the ability of DWC Management and in particular the Court Administrator to function efficiently.

The loss of Workers' Compensation Rehabilitation Consultants has left the division without a WCRC in each district office, causing the otherwise unnecessary travel costs of WCRC's to cover workload at other offices.

The loss of Workers' Compensation Consultants and Assistants, and well as a Supervising Workers' Compensation Consultant has left offices short of permanent disability raters and Information and Assistance Officers, as well as with insufficient supervision of the remaining staff. When there are not a sufficient number of raters available, the parties are unable to obtain the consultative ratings necessary to allow the settlement of their cases. Further, cases that are tried and require the rating of factors of disability ascertained by the judge during trial, are delayed while waiting to a rater to rate the disability. This delays final resolution of these cases.

An Information and Assistance Officer is essential to providing the information necessary for an unrepresented injured worker or employer to be able to efficiently represent themselves. Where a party is represented, the attorneys will educate their clients as to how the workers' compensation system works, what the benefits are, and help to allow the parties to define their respective positions in a way that makes sense in the context of the legal system. When parties are not represented, only an Information and Assistance Officer is in the position to explain to the parties how the system works. If a judge attempts to perform this function, their impartiality is often questioned. The loss of Information and Assistance Officers slows the calendar, as judges must take more time to handle cases with unrepresented parties.

The loss of Legal Support Supervisors and Office Services Supervisors result in the lack of supervision in an office. This is the case in many of the division's district offices presently, and all of the predictable consequences of the lack of supervision result; i.e. inefficiency, lack of morale, etc.

The loss of Senior Legal Typists causes not only a delay in the typing and issuance of decisions by judges, it also causes judges to have to type their own decisions, which slows their ability to make decisions. Further, without sufficient Senior Legal Typist positions, the case dispositions cannot be timely entered into the division's on-line system, causing confusion as to the whereabouts of files and the efficient filing of incoming mail.

The loss of Office Assistants, Office Technicians and Program Technicians, and Youth Aids has crippled the clerical staff in the division's district office courts. This causes workload entering the courts to be delayed in being processed and moved to the professional staff that is required to timely address the issues raised in the mail. This not only causes delay, but has caused the administration to have to take judges off of their trial calendar so that they may work in the front office opening, processing and filing mail. This is a grossly inefficient use of judge time, but there has been no other option to have the mail opened and processed.

The Impact on the DWC Audit Unit

The following positions lost were from the Audit Unit:

Senior Workers' Compensation Compliance Officer	1
<u>Workers' Compensation Compliance Officer</u>	<u>2</u>
Total Positions Lost from Audit Unit	3.

Labor Code sections 129 and 129.5 mandate the audit unit to audit every adjusting location at least once every 5 years. The loss of the above staff would further reduce the number of audits the audit unit would accomplish under the PAR program to under 50% of the yearly goal.

The Impact on the Work of the Industrial Medical Council (now absorbed by DWC Medical Unit):

Senior Special Investigator	1
Office Assistant (Typing)	1
<u>Total Positions Lost from Medical Unit</u>	<u>2</u>

The Senior Special Investigator position was one of two SSI investigators which were assigned to the former IMC. Without this position the 30 complaints per month the unit receives are not investigated on a timely basis. The investigations range from matters such as substance abuse, sexual misconduct, and forgery of credentials.

The Office Assistant position was responsible for producing panels, opening incoming mail and answering routine phone inquiries from the public. The abolishment of this position has caused a backlog in opening the mail and filing of documents into the files for 4,000 QME's.

Department Director Approval: *[Signature]*

Date: *10 March 04*

Agency Secretary Approval: *[Signature]*

Date: *3-12-04*

Control Section 4.10
Reductions by Program

BL 04-03
Attachment 1

Org. Code: 7350
Department: Industrial Relations
Workers' Compensation Appeals Board

How was reduction implemented?

The Workers' Compensation Appeals Board eliminated 4 vacant positions: (1) Industrial Relations Counsel II, (1) Industrial Relations Counsel I, (1) Legal Support Supervisor I, and (1) Senior Legal Typist.

What was the actual effect of this reduction?

Program Responsibilities:

The Workers' Compensation Appeals Board, a seven-member, judicial body appointed by the Governor and confirmed by the Senate, exercises all judicial powers vested in it by the Labor Code. (Labor Code sections 111 and 133.) Its major functions include review of petitions for reconsideration of decisions by workers' compensation administrative law judges of the Division of Workers' Compensation (Labor Code section 5900 et. seq.) and regulation of the adjudication process by adopting rules of practice and procedure (Labor Code section 5307). In so acting the Appeals Board "shall accomplish substantial justice in all cases expeditiously, inexpensively, and without incumbrance of any character." (California Constitution, Article XIV, section 4.)

As the statewide administrative court of appeal for workers' compensation claims, the commissioners review appeals filed by aggrieved parties and their attorneys from decisions made by the 180 statewide workers' compensation judges in 24 district offices. Currently an average of 300 appeals or petitions (petitions for reconsideration, removal, disqualification, sanctions and contempt) are filed every month.

The commissioners, acting in panels of 3, review each case and petition as it comes in from the district office. After making decisions on the petitions they are assigned to the Appeals Board staff attorneys to review, research, and prepare written decisions for the commissioners' signatures. Each decision "shall be in writing" and "shall state the evidence relied upon and specify in detail the reasons for the decision". (Labor Code section 5908.5.)

Petitions for reconsideration must be reviewed, researched, decided, written, filed and served by the Appeals Board in San Francisco within 60 days of the filing of the petition in the local office. (Labor Code section 5909.) There are no time limits on the "miscellaneous" petitions (removal, disqualification, sanctions).

Impact:

Since June 30, 2003, the backlog of cases has increased by almost 50% due to the lack of a sufficient staff. This delays decisions to injured workers, employers, and insurance companies who are waiting for and dependent upon those decisions to determine their indemnity, liability, and claims.

When a decision cannot be prepared on a petition for reconsideration within the requisite 60 days, or more time is needed to consider and prepare a decision, those petitions are "granted for study" and become part of the backlog. Miscellaneous petitions without statutory deadlines are given low priority and become part of the backlog. On June 30, 2003, the backlog consisted of 95 grants and 56 miscellaneous, and on January 30, 2004, the backlog was 141 grants and 80 miscellaneous. On June 30, 2003 the average time a case was in backlog was approximately six months or less. The time in backlog has now grown to nine months.

With the position cuts the backlog has started to grow and will continue to do so if the cuts are not restored. Additionally, if there is an increase in the monthly volume of new cases – as usually happens with new legislation - the backlog will worsen as more cases come in than the existing staff can get out. More recently this problem is being exacerbated by 2 new clerical and 2 new attorney vacancies in the remaining staff.

As all decisions must be written and state in detail the reasons for the decision, a backlog of cases waiting to be written is created when the Appeals Board does not have a sufficient staff to prepare and process the cases. The staff cuts and vacancies are deterring the Appeals Board's ability to timely issue decisions. Injured workers, employers, and insurance companies are being forced to wait for decisions on their liability and indemnity. This can be resolved only by both authorizing the pending freeze exemptions and restoring and authorizing exemptions for the two attorney positions and two clerical positions in the section 4.10 cuts. The backlog problem will continue to worsen and will not be solved without sufficient staff.

Department Director Approval: _____ Date: _____

Agency Secretary Approval: Bradshaw Date: 3-12-04

Control Section 4.10
Reductions By Program

Org. Code: 7350

Department: Department of Industrial Relations
Commission on Health and Safety and Workers' Compensation (CHSWC)

How was reduction implemented?

The Commission on Health and Safety and Workers' Compensation was given the authority under AB 749 to establish a Workers' Occupational Safety and Health Training and Education Program (WOSHTEP). With the implementation of this program, CHSWC was authorized four (4) positions. The reduction was implemented by reducing the number of authorized positions from this program by one (1), eliminating the Associate Governmental Program Analyst (AGPA) position. The reduction of this position was achieved through the elimination of a vacant position.

What was the actual effect of this reduction?

The purpose of the WOSHTEP is to develop a health and safety curriculum for worker training programs throughout the state. A key part of this program is to provide outreach and development of a program for workers and employers in small businesses.

The program has contracted with the University of California north and south to implement pilot programs this fiscal year with expansion of the program next fiscal year. We believe the best way to reduce workers' compensation costs is to avoid injury. The AGPA's duties were supposed to begin reaching small businesses through outreach and working with the insurance industry to inform and educate small businesses about the benefits of safety training for workers. We believe more focus needs to be on reaching small businesses.

Department Director Approval: _____

Date: _____

Agency Secretary Approval: VBradshaw

Date: 3-12-04

Control Section 4.10
Reductions By Program

Org. Code: 7350

Department: Industrial Relations

Division of Occupational Safety & Health – Consultation Unit
Targeted Consultation

How was reduction implemented?

Positions eliminated were as follows:

<u>Classification</u>	<u>Consultation</u>	<u>Targeted Consultation</u>	<u>Total</u>
Associate Industrial Hygienist	1.0	0.0	1.0
Associate Safety Engineer	<u>0.0</u>	<u>1.0</u>	<u>1.0</u>
Total	1.0	1.0	2.0

This reduction was implemented by eliminating vacant positions.

What was the actual effect of this reduction?

Provide a brief description of the program responsibilities.

The Division of Occupational Safety and Health's Consultation Unit provides safety and health consultation to all employers at their request to assist them in complying with California's occupational safety and health regulations. California recognizes the need to assist employers in achieving voluntary compliance with CAL/OSHA safety and health regulations through on-site consultations and employer and employee education as an alternative to correction of unsafe practices through enforcement/compliance.

The Targeted Consultation Unit assists high hazard employers in reducing preventable occupational injuries and illnesses.

The Consultation Unit estimates that each Safety Engineer or Industrial Hygienist can conduct 80 consultations with employers annually. The loss of the 2 positions result in 160 fewer employer consultations conducted annually.

The Consultation Unit positions are a part of the 21 (d) Consultation grant with the U. S. Department of Labor. The grant funds consultation activities with 90% federal funds and only requires the state to contribute 10% of the cost of this program.

DOSH CONSULTATION UNIT
CONTROL SECTION 4.10

Department Director Approval: *J. M. [Signature]*

Date: *3-12-04*

Agency Secretary Approval: *V. Bradshaw*

Date: *3-12-04*

Control Section 4.10 Reductions By Program

Org. Code: 7350

Department: Industrial Relations
Division of Occupational Safety & Health – Elevator, Ride & Tramway Unit

How was reduction implemented?

Positions eliminated were as follows:

<u>Classification</u>	<u>Positions Eliminated</u>
Associate Safety Engineers (Elev.)	4.0
Office Assistant	<u>3.0</u>
Total	7.0

These reductions were implemented by eliminating vacant positions.

What was the actual effect of this reduction?

Provide a brief description of the program responsibilities.

The Division of Occupational Safety & Health's Elevator, Ride & Tramways Unit is responsible for enforcement of California Labor Code Section 7300 et seq. The objective of the program are as follows: ensure the safe operation of elevators, portable and permanent amusement rides, and tramways. In contrast to the Cal/OSHA Program, this Unit's safety jurisdiction includes protecting the general public as well as employees from hazards associated with these devices.

DOSH is required by law to inspect all elevators in the state once per year.

There are over 110,000 conveyances in operation in California of which 88,896 are the responsibility of the Division to inspect.¹ As the end of the 2001/2002 fiscal year, 41,384 existing conveyances were operating in the State of California with expired operational permits because of the Elevator Unit's inability to perform the inspections required to issue the permits.² This backlog has put the public's safety at risk for failing to assure the safety of elevators through inspections and permitting. While the backlog can be explained truthfully as being due

¹The City of Los Angeles has its own elevator inspection program and inspects approximately 20,000 elevators each year.

²There were 3,688 new (not previously inspected) elevators installed in California during the 2001/2002 fiscal year. The inspection of the newer elevators involves more inspection time than re-inspections of existing elevators (5 hours on average as opposed to 1.6 hours).

to a lack of sufficient positions in the ERT Unit to carry out its mandate, the fact that there is not a sufficient amount of positions in the Program is difficult to explain, especially in light of the fact that the positions generate revenue and pay for themselves.

Early in 2003, a budget letter was submitted requesting an increase of 37 positions to help reduce the inspection backlog. That request was approved. However, some of those positions had to be given up as part of the Control Section 4.10 Reduction. The loss of 7 positions (4 inspectors and 3 support staff), will adversely affect the ability of the Elevator Unit to deal expeditiously with the inspection backlog.

Private sector inspection functions are completely funded through fees collected from the owners of the facilities inspected. These fees are deposited into the Elevator Safety Account (#0452) and are used to support costs associated to the program. This statutory mandate will be jeopardized by the loss of positions.

The cost of one Associate Safety Engineer (Elevator) position in FY 2003-04 is projected to be approximately \$98,000. Historically, each position has annually generated from \$137,000 to \$156,000 in support of the program. It is projected that each safety engineer position will annually generate from \$39,000 to \$58,000 in excess of the cost of the position to support the program.

Department Director Approval: _____

Date: _____

Agency Secretary Approval: *JF Brodshaw*

Date: *3-12-04*

Control Section 4.10
Reductions By Program

Org. Code: 7350

Department: Industrial Relations
Division of Occupational Safety & Health – Compliance
Targeted Inspection

How was reduction implemented?

Positions eliminated were as follows:

<u>Classification</u>	<u>Compliance</u>	<u>Targeted Inspection</u>	<u>Total</u>
Associate Gov. Program Analyst	0.0	1.0	1.0
Associate Industrial Hygienist	3.0	7.0	10.0
Assistant Industrial Hygienist	2.0	0.0	2.0
Associate Safety Engineers	8.0	16.3	24.3
District Manager	1.0	2.0	3.0
Industrial Relations Counsel II	1.5	0.0	1.5
Instrument Technician	0.0	1.0	1.0
Junior Industrial Hygienist	0.0	2.0	2.0
Legal Secretary	0.5	0.0	0.5
Office Assistant	3.0	0.5	3.5
Office Technician	0.0	1.0	1.0
Senior Industrial Hygienist	1.0	0.0	1.0
Senior Safety Engineer	1.0	0.0	1.0
Staff Services Analyst	1.0	0.0	1.0
Stock Clerk	<u>0.0</u>	<u>1.0</u>	<u>1.0</u>
Total	22.0	31.8	53.8

These reductions were implemented by eliminating vacant positions.

What was the actual effect of this reduction?

Provide a brief description of the program responsibilities.

The Department's Division of Occupational Safety and Health (Cal/OSHA) is responsible for ensuring safe and healthful working conditions on the job by enforcing occupational safety and health standards, providing consultative assistance to employers and employees, and assisting in the development of training and research. Cal/OSHA investigates worksite fatalities, serious injuries and illnesses, and complaints about workplace hazards.

The Targeted Inspection Unit is an enforcement unit that targets high hazard employers and those with the highest rates of injuries and illnesses in the state.

The loss of one field position represents a loss of 65 to 85 inspections per year on average. The Control Section 4.10 Reduction resulted in the elimination of 38.3 field positions, which equate to 2,490 to 3,255 annual lost inspections.

Cal/OSHA is mandated by Section 6309 of the California Labor Code to respond to serious complaints in 3 days and nonserious complaints in 14 days. Cal/OSHA's mandated responses to complaints constitute a direct public safety function, as this is the only mechanism under the law by which an employer can be required to abate a hazard to which employees are exposed.

At the time the reductions were made, the average number of days for Cal/OSHA to initiate a complaint inspection of a serious hazard was 12-15 days, with only 40% meeting the 3-day statute. The average number of days for Cal/OSHA to initiate an inspection of a non-serious complaint was approximately 27 days. These time frames have continued to increase and this will increasingly subject the Program to criticism by Federal OSHA, the media, and by others who are cognizant of the statutorily mandated inspection response times.

Although, there is no mandated time frame for responding to accidents, Cal/OSHA has been criticized by the Senate Industrial Relations Committee for not responding to reports of fatal and serious accidents within hours as opposed to days as occurs in at least 15% of cases. These response times are also increasing and further criticism of this situation can also be anticipated.

A fundamental requirement for the Cal/OSHA Program is for its enforcement arm, DOSH, to maintain its staffing level of inspectors (Safety Engineers and Industrial Hygienist) at or above the "benchmark" level of 200. At the conclusion of the most recent audit of DOSH, Federal OSHA representatives expressed serious concern that the actual level of inspectors had fallen below this level, and indicated that they would continue to review this issue to ensure that the staffing requirement is met.

DOSH was authorized for 237 inspectors as of July, 2003. As a result of the Control Section 4.10 Reduction, DOSH reduced the number of inspector positions to 198.7. DOSH estimates that a minimum of 220 inspector positions are necessary to maintain a reliable field presence of 200 inspectors, given the need to cover 5% salary savings and compensate for personnel on leave or unavailable for other reasons.

Currently, DOSH has only 184 of its inspector positions officially listed as filled. The actual number of inspectors working and conducting inspections may be as low as 176, given people on leave or unable to work for other reasons. It is urgent that DOSH be able to place, maintain, and demonstrate the presence of an actual inspection workforce of at least the minimum number of 200 as soon as possible. If the lost vacant positions are not restored, the maximum

number of position that can be filled is 189. This will not be acceptable to Federal OSHA and may subject the entire Cal/OSHA Program to withdrawal of approval and decertification. Labor Code section 50.7(d), established by Proposition 97 in 1987, requires the Governor and the Department of Industrial Relations to "take all steps necessary to prevent withdrawal of approval of the State Plan by the Federal Government." The lost vacancies must be restored if this requirement is to be met.

Department Director Approval: _____

Date: _____

Agency Secretary Approval: MBradshaw

Date: 3.12.04

Control Section 4.10 Reductions By Program

Org. Code: 7350

Department: Industrial Relations

Division of Occupational Safety & Health – Pressure Vessel Unit

How was reduction implemented?

Positions eliminated were as follows:

<u>Classification</u>	<u>Positions Eliminated</u>
Principal Safety Engineers (PV)	1.0
Associate Safety Engineer (PV)	1.0
Total	2.0

These reductions were implemented by eliminating vacant positions.

What was the actual effect of this reduction?

Provide a brief description of the program responsibilities.

The Division of Occupational Safety & Health's Pressure Vessel Unit is responsible for enforcement of California Labor Code Section 7620. The objectives of the program are to protect public and employee safety by ensuring that all boilers, air tanks, and liquid petroleum gas (LPG) tanks are safe. This is accomplished through the enforcement of health and safety standards, investigations of causes of occupational deaths and injuries, and the inspection of boilers, air tanks, and LPG tanks.

There are 198,000 boilers, air tanks, and LPG tanks that require permit inspections at intervals of 1 year, 3 years or 5 years depending on the type of inspection. 113,000 of these are the responsibility of the DOSH Pressure Vessel Unit to inspect. The remainder are inspected by various insurance companies, refineries, and the City of Los Angeles (the other organizations that are able to inspect items they insure, own, or are within the city limits, respectively, per Labor Code 7650).

These numbers translate to a statutorily mandated annual inspection load of 51,700 inspections statewide. Of these, 27,500 are the responsibility of the DOSH Pressure Vessel Unit and the remaining 24,200 are the responsibility of the non-DOSH inspectors. The Pressure Vessel Unit's current staffing level allows them to perform 22,400 inspections annually, leaving 5,100 that do not receive a timely inspection. The non-DOSH inspectors can annually perform 21,000 inspections, leaving 3,200 that do not receive a timely inspection. The annual inspections that

cannot be performed by these entities become the responsibility of the Pressure Vessel Unit. Therefore, annually, 8,300 (5,100 + 3,200 = 8,300) inspections are not performed on a timely basis each year. This figure does not include an estimated 45,300 boilers, air tanks, and LPG tanks which have become one year past-due for their inspections because of the Pressure Vessel Unit's current staffing levels.

Each inspector in the unit can perform approximately 1,400 inspections annually. The loss of 2 inspector positions adversely affects the unit's ability to respond to the backlog of inspections.

Private sector inspection functions are completely funded through fees collected from the owners of the boiler or pressure vessel inspected. These fees are deposited into the Pressure Vessel Safety Account (#0453) and are used to support costs associated to the program.

The cost of one Associate Safety Engineer (Pressure Vessel) position in FY 2003-04 is projected to be approximately \$98,000. Historically, each position has annually generated from \$142,000 to \$176,000 in support of the program. It is projected that each safety engineer position will annually generate from \$44,000 to \$78,000 in excess of the cost of the position to support the program.

Department Director Approval: _____

Date: _____

Agency Secretary Approval: _____

Date: _____

Control Section 4.10
Reductions By Program

Org. Code: 7350

Department: Industrial Relations
Occupational Safety & Health Appeals Board

How was reduction implemented?

The Appeals Board lost four vacant positions in this particular reduction:

Hearing Officer I
Hearing Officer I
Senior Legal Typist
Office Assistant (Typing)

What was the actual effect of this reduction?

The actual impact of the 4.10 reductions must be viewed in context which includes recognition that the Appeals Board only employs 21.5 individuals in civil service positions, one Executive Director, and 2 Board members. Sixteen of those people are responsible for the processing and disposition of the more than 5,000 appeals filed each year. It must also be noted that prior to this budget cut, the Appeals Board was slated to add positions that were needed to fulfill its statutory mission. Thus, the impact of the 4.10 reductions was on top of rescission of those plans and the loss of positions resulting from vacancies created by retirements and a promotion.

The Context

1. In addition to the loss of the 4.10 positions, in the 18 months prior to those reductions, the Appeals Board Hearing Operations unit lost one ALJ retired annuitant; one Chief ALJ to retirement; one ALJ to promotion, and one Senior Legal Typist to retirement. Since the 4.10 reductions, the Hearing Operations Unit has lost one ALJ as the result of retirement in addition to the ALJ retirement that was included in the 4.10 reduction. The most recently vacated ALJ position has not been eliminated, but the Appeals Board has not been granted a freeze exemption, even if there is money to fill it.
2. If the Governor appoints a Board member to the Management seat, vacant since March 2000 and/or if the Chief ALJ position is filled, the Board will be over budget.

Department: Industrial Relations
Occupational Safety & Health Appeals Board

3. The work of the Calendaring Unit has increased from 3,490 appeals a year to more than 5,000 appeals a year, an increase attributable to the passage of AB 1127 and the Division's increase in base penalties for serious violations.

4. At the present time, there are more than 10,000 appeals pending in the Calendar and Hearing Operations Units. There are 27 Decisions After Reconsideration pending and 32 civil actions pending in Superior Court.

5. Reductions in staffing in DIR's Information Systems division have resulted in the Appeals Board not having consistent and qualified support for the completion of a database DIR required that we use, notwithstanding its limitations. Given the uniqueness and antiquated qualities of this database, the Appeals Board does not receive proper technical support and we are unable to efficiently perform many tracking functions essential to our operations, which are most like those of trial and appellate courts combined.

As a consequence of the 4.10 reductions, the effects have been:

The General Impact

1. Prior to this and other budget cuts coupled with the increase of appeals as a result of the implementation of AB 1127, initial processing of appeals (docketing) took one month. It now takes 8-10 months;

2. Prehearing settlement conferences are not held until the passage of 10 months to 1 year, whereas 3-4 months was the prior norm;

3. Many appeals are not heard until the passage of more than 2 years. With increasing frequency, appeals are settled or withdrawn because witnesses are unavailable and memories are stale.

4. In order to assist the DOSH accounting unit, the Calendaring Unit staff enters into the Appeals Board's Oracle database information needed for DIR to collect assessed penalties from Employers. The accounting unit then extracts pertinent information. The Appeals Board's data entry is now 10 months behind because there is not sufficient staff. When it takes 10-12 months to input closed appeal information the State's general fund is deprived of revenue and it may give the impression that the Appeals Board's per capita productivity has declined. The DOSH accounting unit has all information to do this work but has historically declined to do so.

5. Morale is low and work related and off the job injuries have increased.

Department: Industrial Relations
Occupational Safety & Health Appeals Board

Specific Impact by Unit

Calendaring Unit:

Wherein the Appeals Board hoped to increase the Calendar Unit staff by one clerical position in order to docket appeals and return the docketed appeals to Employers in a timelier manner, it maintained the status quo of four staff in the Calendaring Unit. One new Office Technician position was filled from the BCP, but then the Appeals Board lost the Office Assistant (Typing) position. No gain was achieved. It now takes eight months to send docketed appeal information to Employers. It previously (prior to AB 1127) took one month to perform this activity. Employer Appeals from health and safety citations and their corresponding higher penalties issued by the Division of Occupational Safety & Health (DOSH) increased from 3,490 in 1999 to more than 5,000 yearly. The Calendaring Unit performs other functions than this one activity. This Unit answers all telephone calls from Employers, DOSH, and other parties regarding general information on the appeal process and particularly each Appeal docketed by the Appeals Board. Since documents are rarely in order and since the process is not understood by most employers, these calls are time-consuming. As well, the Unit's staff makes up all case files for these appeals, calendars all appeal hearings, inputs all information—open and closed-- into an Oracle database, and processes incoming and outgoing mail daily.

Hearing Operations Unit:

Prior to the implementation of AB 1127 the Appeals Board considered "full ALJ staffing" as eight positions - four ALJs in Sacramento and 4 ALJs in West Covina, plus one Presiding ALJ in each location. Currently there are two ALJs in Sacramento, three ALJs in West Covina, and one Presiding ALJ serving both offices with an increased appeal workload. The Hearing Operations professional staff has been reduced by 40%. The concomitant reduction on overall productivity has intensified the pressure on the ALJ staff to produce more so that the Appeals Board contribution to the state will not be diminished. Without a proper complement of ALJs, it takes much too long to schedule and hear appeals, jeopardizing the parties' ability to either prove their case or establish a defense. The fundamental requirement that the parties be given a fair hearing is being compromised by the passage of time.

Legal Unit

This is the only unit of the Appeals Board that has not lost staff; however, the increased workload has impacted heavily on the lone clerical. The Senior Legal Typist supports two IRCs III, one IRC I, and one Legal Analyst.

Brief Description of Program

The Appeals Board is responsible for processing all Employer appeals of DOSH citations received for having alleged unsafe and unhealthy places of employment.

Department: Industrial Relations
Occupational Safety & Health Appeals Board

Processing appeals means the intake of appeals, calendaring pre-hearing conferences and hearings, conducting these pre-hearing conferences and hearings, issuing Orders and Decisions, processing Petitions for Reconsideration, issuing Decisions After Reconsideration, and the performance of all aspects of representing the Board in litigation, if necessary.

These functions will continue to be performed, but in the case of the Calendaring and Hearing Operations Units, in a much slower manner. The regulations of the Appeals Board provide that appeals investigated by the Bureau of Investigations (BOI) must be heard within two years, unless the Employer waives time. Since these BOI appeals take longer to investigate, by implication, all appeals should be heard long before the expiration of two years. At the present time, almost without exception, no appeal where a hearing is required is concluded within the two-year time frame.

Staffing Needs

At a minimum, in order to satisfy constitutional, statutory, and regulatory requirements to deal with Appeals in a timely manner, the Appeals Board must be restored by adding not just the four positions lost in the 4.10 reduction, but a total of six positions: three ALJs and one Senior Typist Legal in the Hearing Operations Unit, one Office Assistant in the Calendaring Unit, and one additional clerical position to aid the lone Senior Typist Legal (STL) in the Legal Unit.

Funding Loss

The Department of Finance (DOF) did not take the full dollar amount for the four positions, but if the positions were restored, full funding would be required. As noted above, if the Governor filled the Board position and the Board appointed a supervising ALJ, the Appeals Board will be over budget. In other words, the positions eliminated were never fully funded. At a minimum the Appeals Board would need \$300,000, plus funds to pay the staff benefits.

Department Director Approval: _____

Date: _____

Agency Secretary Approval: V. Bradshaw

Date: 3-12-04

Control Section 4.10
Reductions By Program

Org. Code: 7350
Department: Department of Industrial Relations
Occupational Safety and Health Standards Board

The Occupational Safety and Health Standards Board (Standards Board), a seven-member body appointed by the Governor, is the standards-setting agency within the Cal/OSHA Program and is the only agency in the state authorized to adopt, amend, or repeal occupational safety and health standards. The Standards Board's responsibilities are to promote, adopt and maintain reasonable and enforceable standards that will ensure a safe and healthful workplace for California workers and that applicable standards are at least as effective as federal standards. The Standards Board also has the responsibility to grant or deny applications for variances from adopted standards and respond to petitions for new or revised standards.

How was reduction implemented?

In response to the Control Section 4.10 of the 2003 Budget Act, the Standards Board reduced personal services by 10% by eliminating a vacant Senior Safety Engineer position. In addition, the Industrial Relations Counsel III position was reduced from full-time to a ¾ time-base, with the incumbent voluntarily accepting a reduced time base.

What was the actual effect of this reduction?

Since the Industrial Relations Counsel III is the Standards Board's only legal counsel, the Standards Board would not have the availability of the IRC III's legal expertise, advice, guidance, and assistance on a full-time basis that is so critical for the Standards Board to carry out its mission (see Attachment II). Also, as mandated by Labor Code Section 143, the variance process workload is affected with the reduction of the IRC III position to a ¾ time-base, originally a full-time position. Variance hearings and decisions cannot be expedited at the same proficiency with this time-base reduction. In addition, the IRC III's involvement with very complex and difficult issues have to be coordinated differently, sometimes having to solicit it after the other staff has met on these issues.

In addition, with the elimination of one Senior Safety Engineer, not only did the Standards Board lose the knowledge and expertise of one California licensed professional engineer, but sensitive and technical workload was redistributed and timelines extended to evaluate petition requests (Labor Code Section 142.2), promulgate occupational safety and health standards, and review variance application requests (Labor Code Section 143), so that the remaining safety engineering staff can integrate the workload into their schedules.

Furthermore, certain operations have been restricted as the workload has been redistributed to other staff, when possible. As a result, the lose of 1.25 PY from the Standards Board affects the timeliness of completing sensitive, complex, and technical workload and also the level of involvement with issues relating to occupational safety and health, as remaining staff resources have absorbed the workload of these positions. Conversely, the Standards Board has been fulfilling its responsibilities, although with different timelines than before.

If the Standards Board were to have its IRC III position restored to a full-time basis, it would remedy some of the extensions in its timelines on variances and other legal matters. Similarly, restoration of the Senior Safety Engineer position would enable the Standards Board to restore some of the scheduling timelines that it practiced before the reductions.

Department Director Approval: _____

Date: _____

Agency Secretary Approval: W Bradshaw

Date: 3.12.04

Control Section 4.10 Reductions By Program

Org. Code: 7350

Department: Industrial Relations
Division of Labor Standards Enforcement

How was reduction implemented?

The Division of Labor Standards Enforcement (DLSE) lost 27.5 positions as a result of Section 4.10 of the 2003 Budget Act. Three of the positions were attorneys from DLSE's Legal Section, one was an upper management position, four were from the Wage Claim Adjudication (WCA) program, 12 were journey level investigator positions from the Bureau of Field Enforcement (Bureau), and 7.5 were clerical support positions in the Bureau, WCA, and the legal section.

All of the positions lost to the Budget Act were vacant.

What was the actual effect of this reduction?

Labor Code § 90.5 requires that the Bureau investigate complaints involving wage and non-wage issues. These complaints include such non-wage issues as child labor, workers compensation insurance, meal and rest periods, record keeping, itemized wage statements which are all significant contributors to the underground economy, licensing requirements, and minimum and overtime wages. Pursuant to these investigations, Deputies are authorized to issue civil citations, and, in the garment industry, confiscate illegally manufactured garments.

The 12 positions lost in the Bureau represent 20% of the authorized investigative positions (61) in 2003/04. In 2003, the Bureau inspected 6,816 businesses, a 22% reduction from the 8,684 inspections conducted in 2002. Investigators in the Bureau issued 3,363 civil citations in 2002. In 2003, 2,994 civil citations were issued, an 11% reduction. Finally, in 2002, wages recovered for workers by Bureau staff were \$23,426,902 and in 2003, the wages collected were \$11,642,532, a 50% reduction.

Three of the positions that were eliminated in the Section 4.10 were Labor Standards Investigators (LSI), the Division's Peace Officers. These are the only staff members

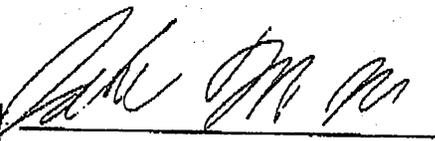
that can serve search warrants and arrest warrants. Several criminal cases where search warrants were needed had to be dropped due to the lack of Peace Officer staff.

Labor Code § 98(a) mandates that DLSE hold administrative hearings to settle wage disputes between employees and employers. It further requires that DLSE hold these administrative hearings no more than 120 days after the filing of the claim. The Wage Claim Adjudication unit is currently not meeting its statutory mandates for processing individual wage claims, and the reduction of four positions has contributed to further delays. The wait for an administrative hearing in many of the Wage Claim offices is now six months or more from the date of filing of the claim. This is a source of frustration for the claimants that are in need of our services. A reduction in the Wage Claim program has also resulted in a service reduction in dispensing public information via the telephone, the public counter and answering letters, emails and faxes.

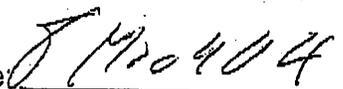
Labor Code § 98.2 mandates that DLSE attorneys present cases at trial and appellate level as a result of an appeal taken from an Order, Decision, or Award (ODA) of the Labor Commissioner. In 2002, DLSE attorneys handled 703 hearings from appeals to ODA's. Three fewer attorneys represents a 16% reduction from the current staffing of 19. This will result in 112 fewer appeals that will be represented at trial at least as long as the other staff continue with non-trial duties, such as appeals. DLSE attorneys also prosecute all Bureau wage cases that cannot be resolved voluntarily. For the past year the legal staff have been unable to accept any new cases for civil prosecution.

These reductions in staff only serve to further reduce DLSE's ability to meet the minimum requirements as mandated by the Labor Code and the Industrial Welfare Commission (IWC) Orders and to provide a reasonable level of service to the public.

Department Director Approval:



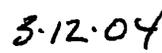
Date:



Agency Secretary Approval:



Date:



Control Section 4.10
Reductions By Program

Org. Code: 7350

Department: Industrial Relations
Industrial Welfare Commission

How was reduction implemented?

One vacant Office Technician (Typing) position was eliminated.

What was the actual effect of this reduction?

THE MISSION OF THE IWC:

As contained in the California Labor Code Section 1173:

"It is the continuing duty of the Industrial Welfare Commission, hereinafter referred to in this chapter as the commission, to ascertain the wages paid to all employees in the state, to ascertain the hours and conditions of labor and employment in the various occupations, trades, and industries in which employees are employed in this state, and to investigate the health, safety, and welfare of those employees.

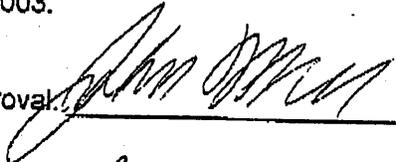
The commission shall conduct a full review of the adequacy of the minimum wage at least once every two years. The commission may, on its own motion or upon petition, amend or rescind any order or portion of any order or adopt an order covering any occupation, trade, or industry not covered by an existing order pursuant to this chapter...."

Under this provision and other provisions of the Labor Code, the commission is empowered to draft and adopt regulations affecting changes to the hours and wages, meal and rest periods, and all conditions affecting all the workers of California. See Labor Code Sections 512, 515, and 516.

The net effect of the reduction is that there is not a clerical staff to support the work of the commission. The commission's work requires voluminous paper work to be presented at meetings, such as multiple copies of wage orders, petitions, lawsuits, transcripts, etc. Also, long documents such as Statements to the Basis for wage order amendments must be produced. This clerical position was vacated due to an employee transfer in May of 2003. The commission was in the process of filling the position when it was eliminated as a vacant general fund

position in the 2003-2004 budget process. Since that time, and currently, the administrative staff does all typing, photocopying, ordering of supplies, answering of phone calls, scheduling and arrangements for meetings, etc. that this clerical staff performed. Consequently, due to this and other budgetary problems, the commission has not undertaken the review of the minimum wage that the Industrial Welfare is mandated to do every two years. See Labor Code section 1173, cited above. This review should have begun in the fall of 2003. In addition, the commissioners are informing any petitioners that due to lack of funding the commission may not be able to consider and/or investigate new petitions. Two such petitions were turned away by the commission in October, 2003.

Department Director Approval:



Date: 10 March 04

Agency Secretary Approval:



Date: 3.12.04

Control Section 4.10
Reductions By Program

Org. Code: 7350

Department: Industrial Relations
Division of Apprenticeship Standards

How was reduction implemented?

The reductions of the 5.5 positions were achieved through the elimination of vacancies.

- 1 Senior Apprenticeship Consultant
- 2 Apprenticeship Consultant
- 1 Office Technician (Typing)
- 1 Office Assistant (Typing)
- .5 Student Assistant

What was the actual effect of this reduction?

The Division of Apprenticeship Standards (DAS) administers the California Apprenticeship Law and is responsible for fostering, promoting and developing the welfare of the apprentice. DAS promotes and develops new apprenticeship programs, provides consultation services to program sponsors, promotes equal opportunity in apprenticeship and enforces apprenticeship-related public works laws. DAS also approves training programs for veterans under a federal contract with the Veterans Administration.

The net effect of the reduction is on the ability of DAS to respond promptly to the needs and requests of the apprentices and the program sponsors, with non-critical work being delayed or deferred.

The loss of these positions, especially the clerical positions, has had a negative impact on DAS, as there is not enough clerical staff to process, track or file paperwork. We cannot meet current deadlines, and we anticipate that this problem will only get worse as the backlog increases. We anticipate that the Division will be unable to meet required deadlines without the use of either paid overtime or compensating time off.

Department Director Approval: _____

Date: _____

Agency Secretary Approval: _____

Date: 3-12-04

Control Section 4.10
Reductions By Program

Org. Code: 7350

Department: Industrial Relations
Division of Labor Statistics and Research

How was reduction implemented?

The reduction was implemented by the elimination of 5.5 vacant positions:

- (1) Research Analyst I
- (2) Office Assistants (General)
- (2) Office Assistant (Typing)
- (.5) Time Office Technician).

What was the actual effect of this reduction?

First, the elimination of the Research Analyst position will mean that the Division no longer has sufficient staffing to collect, compile, analyze, or publish all appropriate rates for use on public works projects under Labor Code Section 1773, or resolve ongoing disputes over appropriate rates. The staff dedicated to this work have been cut so continuing to publish and to resolve disputes will result in extreme delays in the completion of other statutorily required public works assignments.

Second, the elimination of the clerical positions may affect DLSR's compliance with federal mandates on the ROSH program (Occupational Injury and Illness statistics collection) and thus the State of California may fail to meet its contractual obligations as an 18(b) state. This could negatively affect the ability of Cal-OSHA to act as an enforcement agent as the authority the state is granted in such matters requires compliance with its duties as an 18(b) state.

Department Director Approval: _____

Date: _____

Agency Secretary Approval: _____

Date: _____

Control Section 4.10 Reductions By Program

Org. Code: 7350

Department: Industrial Relations
Information Systems Unit

How was reduction implemented?

5 positions were reduced as follows:

- 2 Information Systems Technician
- 1 Associate Governmental Program Analyst
- 2 Staff Information Systems Analyst (Specialist)

The reduction was achieved through the elimination of vacancies and through attrition.

In the Fall of 2003, the Department, under the former administration, made the decision to avoid a layoff of a relatively small number of staff and chose instead to reduce incumbents through attrition. Although all of the targeted positions were eliminated, this is an ongoing process with one incumbent remaining in an overstaffing situation.

What was the actual effect of this reduction?

The main effect was to lose individuals who had been carefully selected with a high level of expertise in networking, systems support and project management. The IS unit was reorganized to continue to fulfill its most critical functions. However, the reorganization has resulted in less individuals performing the same and new functions resulting in the need to work overtime for CTO.

The Network Services Group areas of responsibility include operations oversight of data communications and local area networking services and data and security in DIR offices. Inter-network connectivity between DIR's main headquarters, district offices and the Teale Data Center is of utmost importance and the group must strive to maintain the highest possible "up-time" on these connections.

Currently and on an ongoing basis the Systems Administration Group assumed the duties and functions of the Network Group. Individuals with systems expertise have been redirected to support the network. Overall, this has resulted in difficulties supporting network, server, security and PC standards as well as asset management and affirmative intrusion detection monitoring.

The Technical Support Team is responsible for the overall coordination, control and maintenance of Personal Computers, servers and associated software and peripherals within DIR to ensure compatibility and integration with enterprise strategies. They are also responsible for the Data Guidance, Operations, and the Division of Workers' Compensation Permanent Disability and Claims systems.

The technical support team struggles with providing timely response to user problems, especially where it involves service to outlying district offices. Technical supervisors and leads have redirected much of their time away from managing and towards playing a significant role as technical support and handling user service-level complaints.

The IS Project Management Group is charged with guiding DIR's programs and divisions in complying with State and DIR policies, rules and regulations, and practices for IS projects from the time proposed activities are identified as projects, to the projects' various stages of implementation, up to the time of their completion and post-implementation.

The project management group's staff is outnumbered by the number of projects they are trying to monitor. This reduces the group's ability to provide much value-added to the process and many responsibilities must be fulfilled by division staff without the necessary project management background. This results in program staff often challenging DIR's standards-based project management approach to managing projects and not completing the necessary project management artifacts except in arrears to satisfy the requirement that the artifacts be provided. This results in additional time spent by the division or IS programmers on project management activities.

Department Director Approval: _____

Date: _____

Agency Secretary Approval: J Bradshaw

Date: 3-12-04

Control Section 4.10 Reductions By Program

Org. Code: 7350

Department: Industrial Relations
Division of Administration (excluding Information Systems)

How was reduction implemented?

The reductions of the 12.5 positions were achieved through the elimination of vacancies and through attrition.

- 1 Accounting Administrator III
- 1 Senior Accounting Officer (Supervisor)
- 1 Senior Accounting Officer (Specialist)
- 1 Accounting Officer (Specialist)
- 1 Accountant 1 (Specialist)
- 1 Account Clerk II
- 1.5 Associate Personnel Analyst
- 1 Senior Personnel Specialist
- 1 Personnel Specialist
- 1 Staff Services Analyst
- 1 Office Assistant (Typing)
- 1 Office Assistant (General)

In the Fall of 2003, the Department, under the former administration, made the decision to avoid a layoff of a relatively small number of staff and chose instead to reduce incumbents through attrition. Although all of the targeted positions were eliminated, this is an ongoing process with three incumbents remaining in an overstaffing situation.

What was the actual effect of this reduction?

The Division of Administration provides administrative services and support in the areas of Accounting, Budgets, Business Management, and Personnel to all of the divisions and programs in the Department. In addition the division is responsible for collecting fines, penalties, fees and issuing workers compensation checks to injured workers, employees of the

department, and refunds to employers. The division is also responsible for compliance with all statutory mandates regarding reports and accounting for state assets.

The net effect of the reduction is on the ability of the Division of Administration to collect fees timely, respond to public inquiries and to the needs and requests of the divisions, with lower priority work being delayed or deferred. Hiring of staff in the programs will be delayed as fewer staff is available to process hiring. As a result of the reduced staffing, one critical delay is the length of time it now takes to initiate and conduct disciplinary and EEO investigations and the ability to take effective action. Additionally it will take longer for vendors to be paid; some statutory reporting requirements will not be met, internal training of division staff on personnel and procurement procedures will be deferred; internal audits will be delayed; we will defer updating policies and procedures; we will be unable to update our inventory and other business management records.

As we continue into the fiscal year, it is anticipated that the Division will be unable to meet required deadlines.

Department Director Approval: _____

Date: _____

Agency Secretary Approval: J. Braashaw

Date: 3-12-04